



Office of Health Policy and Plan Administration
P.O. Box 720724
Sacramento, CA 94229-0724
(916) 795-2515; FAX (916) 795-4105

December 13, 2005

AGENDA ITEM 8

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. **SUBJECT:** Health Actuarial and Benefits Consultant Services
Pool Request for Proposal
- II. **PROGRAM:** Health Program
- III. **RECOMMENDATION:** Information
- IV. **ANALYSIS:**

Background

The CalPERS Health Program will release a single competitive Request for Proposal (RFP), in December 2005, to select a pool of consultants that will provide specialized services in the following five (5) service categories:

- Actuarial support for the Health Program
- Health Benefits consulting services
- Medical Management and Utilization management consulting
- Pharmaceutical Benefit Management consulting
- Leveraging health care information systems

The current Health Actuarial and Benefits Consulting Services Pool contract will expire June 30, 2006.

Firms qualified to perform in all of the service categories will be selected to participate in a pre-qualified consultant pool. As services are required, the Health Benefits Branch (HBB) will solicit, evaluate, and select project work plans from selected firms in the pre-qualified consultant pool. The specific projects assigned to a firm in the consultant pool will be driven by current and future Health Program requirements. HBB anticipates spending up to \$1.2 million annually for consulting services.

The RFP will state that a firm, its parent, subsidiaries, or affiliated entities must not contract with CalPERS for auditing services during the contract period. The RFP will also include a sample contract, which contains the standard CalPERS

indemnification clause. Proposers can submit proposed contract language changes.

Staff evaluation of the proposals will occur in February and March 2006. Staff will award a maximum of 350 points based on the bidder's qualifications, experience, techniques and methodologies, and fee proposal.

The Health Benefits Committee (HBC) will interview and select finalists in March and April 2006. The HBC will rank and score each finalist using the apportionment method. The maximum 350 points is awarded to the HBC's highest ranked proposer. The remaining proposers receive interview points proportionate to their ranking. The incremental difference between proposers is determined by dividing the number of points by the number of finalists.

The HBC evaluation score will be combined with staff's evaluation score for a maximum total of 700 points. The objective of the evaluation score is to identify a pool of firms that are best suited to meet the wide range of consulting needs for the CalPERS Health Program.

The HBC will recommend the firms to be included in the consultant pool to the Board of Administration.

V. STRATEGIC PLAN:

This directly relates to Goal X: Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.

VI. RESULTS/COSTS:

The RFP will result in staff resource costs. Value will be received by CalPERS as consultants assist staff in ensuring we continue to respond to the changes in today's healthcare marketplace. Consultants will also add a breadth of national healthcare knowledge that will complement staff expertise.

Richard J. Krolak, Chief
Office of Health Policy and Plan Administration

Terri Westbrook
Assistant Executive Officer
Health Benefits Branch